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DIARY NOTES

DD/S

15 July 1959

1. At the Deputies' Meeting:

a. The Director mentioned a letter from the Attorney General assuring him that he was protected against charges of defamation, libel, slander, etc., which might be brought about inasmuch as his statements were made in the course of his official duties. This was referred to the General Counsel.

b. The Director reported that Congressman Mahon had asked him to meet with the House Appropriations Committee sometime before the Defense Bill goes to conference. However, this is to be an intelligence meeting and no financial matters are to be discussed.

c. The Director reported that he would make his annual report to the National Security Council on 1 September.

d. There was a brief discussion of the Agenda for Friday's meeting with the President's Board. Noting that the Director proposed to discuss reductions in personnel with the Board, I suggested that he be extremely cautious in making any commitments. This hit a very sensitive nerve. The Director reiterated more forcefully than I have ever heard him before his determination to reduce the size of the Agency substantially.

2. The Director, Ed Saunders and I met with Maurice Stans, Rex Reid, Bob Macy and Frank Ecker of the Bureau of the Budget to discuss the Fiscal Year 1961 Budget estimates. The gist of it was that the Bureau, in accordance with the President's policy, has an objective of reducing the Budget by 5% below the Fiscal Year 1960 level. Inasmuch as we had contemplated going in for a [REDACTED] increase it was obvious that we were quite far apart. (For details see Memorandum For The Record dated 16 July 1959, subject: "Estimated Budget Requirements for Fiscal Year 1961")

3. I met with [REDACTED] to discuss our letter to the Office of Civil and Defense Mobilization concerning fall-out shelters. He is going to revise the letter and return it. I also requested that he revise our letter to Public Buildings Service on space requirements after we were in the new building so as not to request that we retain Quarters Eye and the R&S Buildings. I also told him that I would sit down with him next week to discuss committees, etc., in connection with the Cornerstone Ceremony. H. S. reported that he has been unable to get anywhere with [REDACTED] concerning DD/P's space in the new building. Walter still insisted that they must plan [REDACTED] spaces. H. S. figured that the maximum which we could accommodate was [REDACTED] this was based on a 100-man night shift in RI. I told him that I would talk to Dick Bissell personally and give him further instructions as soon as I could.

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25X1A5a2 4. Also at the Deputies' Meeting, General Cabell raised the question of whether or not we should support [REDACTED] S25X1C this would cost us about \$2 million General Cabell felt that we should tell [REDACTED] that we could not support him in this endeavor. The Director seemed to think that this problem might deserve further study and he decided to take it up with the "5412 Committee" at the Operations Coordinating Board Meeting. (Larry Houston supplied him with a memorandum which would form the basis for his discussion.)

5. Larry Houston discussed with me the problem created by MATS contracts being limited to small business. CAT does not qualify. I agreed with Larry that we would get into trouble if we started trying to squeeze small business out of this picture and that we had better drop it, at least for the moment.

6. I also discussed with Larry the question of a congressman, a former CIA employee, who has not settled his account. I told him that unless there were overriding security objections we should allow justice to go after this congressman; however, before doing so we should warn the congressman so that he would have a chance to clear it up if he so chose and we should, of course, alert the Director.

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